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A N N U A L R E P O R T 1 9 7 4

32nd Annual Report

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, April 9, 1975, at 10:00 a.m. (E.S.T.)
Huron Room, Garden Court, Four Seasons Sheraton Hotel,
Toronto, Canada.

REVIEW IN BRIEF

	<u>1974</u>	<u>1973</u>
Tons ore milled — total . .	328,099	389,460
Grade of mill feed	0.36	0.46
Ounces gold recovered . . .	101,514	158,293
Gross value of production .	\$16,518,000	\$17,187,000
Operating income before write-offs	5,261,000	7,756,000
Exploration expenditures .	673,000	493,000
Income taxes	1,735,000	2,412,000
Net income	2,779,000	4,271,000
Earnings per share	0.65	0.99
Dividends paid per share . .	0.50	0.60
Capital expenditures	318,000	182,000
Working capital at end of year	10,308,000	9,972,000
Average price received per oz. of gold	\$161.73	\$108.03

GIANT YELLOWKNIFE MINES LIMITED

Head Office: P.O. Box 40, Commerce Court West, Toronto

Mine Office: Yellowknife, N.W.T.

DIRECTORS

A. J. ANDERSON
Consulting Mining Engineer

C. R. ARCHIBALD
Partner, Law Firm of
Strathy, Archibald, Seagram & Cole

*B. S. W. BUFFAM
Partner, James & Buffam
Consulting Geologists

A. C. CALLOW
Secretary of Company and other
Companies associated with
Falconbridge Nickel Mines Limited

*D. R. DeLAPORTE
President and Managing Director of
Company and Vice-President, Western Minerals
Division, Falconbridge Nickel Mines Limited

E. L. HEALY
Executive Vice-President, Operations,
Falconbridge Nickel Mines Limited

W. F. JAMES
Partner, James & Buffam,
Consulting Geologists

G. P. MITCHELL
Vice-President of Company and Vice-
President of Exploration and Development,
Falconbridge Nickel Mines Limited

*J. D. STREIT
Member Toronto Stock Exchange

*Members of the Audit Committee

OFFICERS

D. R. DeLAPORTE
President and Managing Director of Company and
Vice-President,
Western Minerals Division,
Falconbridge Nickel Mines Limited.

G. P. MITCHELL
Vice-President of Company and Vice-President Ex-
ploration and Development,
Falconbridge Nickel Mines Limited

A. C. CALLOW
Secretary of Company and other
Companies associated with
Falconbridge Nickel Mines Limited

J. D. KRANE
Treasurer and Controller of Company and
Treasurer of other Companies associated with
Falconbridge Nickel Mines Limited

J. F. GILLIES
Assistant Treasurer of Company and Controller
of other Companies associated with
Falconbridge Nickel Mines Limited

CONSULTANT

J. M. MORTIMER, Metallurgical

TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario

REGISTRAR AND TRANSFER COMPANY
140 Cedar Street, New York, 7, N.Y.

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

AUDITORS

THORNE GUNN & CO.
Toronto, Ontario

SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE
Toronto, Ontario

REPORT OF THE DIRECTORS:

To the Shareholders:

Throughout the year 1974 your Company has continued its business of gold mining at Yellowknife in the Northwest Territories of Canada. Operations included the mining and treatment of ore from two contiguous properties on behalf of its subsidiaries, Lolor Mines Limited (87.5% owned) and Supercrest Mines Limited (50% owned) on an integrated basis of operations. The Company also carried on normal programs of outside prospecting and exploration, principally in the Canadian Northwest, in search for gold and other metals.

Your Company experienced major benefits in 1972 from increases in the world market price for gold, and even larger benefits from the higher prices in 1973. During 1974 the price continued to fluctuate at high levels, and the average price received by the Company was Canadian *\$161.73 per ounce, which was high in relation to the price range over the productive life of the mine. (1973 - \$108.03, 1972 - \$59.87, and see Comparative Table on pages 14 and 15.) World economic conditions and international and national policies appear to be dominant factors in an unstable market.

The higher price for gold in 1974 permitted further lowering of the cut-off grade which allowed previously uneconomic mineralized zones to be reclassified into the category of ore. This, of course, had the effect of reducing the grade of ore mined in 1974 compared to 1973. Production for the year of 101,514 ounces was 36% lower than the 158,293 ounces produced in 1973. This drop was attributable in part to the lower grade mined and in part to the lower tonnage milled of 328,099 tons compared to 389,460 tons in 1973. The reduction in tonnage mined was occasioned largely by reason of labour shortages during the year. Your Company experienced sharply higher operating costs due to the inflationary trends in labour, supplies and service costs.

The level of the price of gold and the ability to mine and process ore of low gold content profitably are key factors not only in relation to earnings but also with respect to the determination of ore reserves and hence the life of the mine. These aspects are shown in the following two tabulations:

* All amounts are expressed in Canadian currency except as otherwise designated.

OPERATIONS AND FINANCIAL SUMMARY

	1974	1973	1972	1971	1970
Giant					
Tons milled	254,918	271,350	264,114	267,128	317,441
Gold ounces recovered	71,095	102,321	128,272	141,982	170,500
Lolor					
Tons milled	25,460	57,737	71,422	75,209	56,301
Gold ounces recovered	6,367	23,469	33,471	39,604	29,527
(87½ per cent owned by Giant Yellowknife Mines Limited)					
Supercrest					
Tons milled	47,721	60,373	65,736	61,482	51,032
Gold ounces recovered	24,052	32,503	39,443	36,116	28,705
(50 per cent owned by Giant Yellowknife Mines Limited)					
Consolidated					
Total tons milled	328,099	389,460	401,272	403,819	424,774
Average tons per day	899	1,067	1,096	1,106	1,164
Calculated mill heads	0.36	0.46	0.56	0.62	0.61
(oz. gold per ton)					
Mill recovery per cent	87.18	88.52	89.34	86.89	87.77
Total recovery					
Gold ounces	101,514	158,293	201,186	217,702	228,732
Silver ounces	21,378	32,690	39,731	44,063	41,269
Consolidated Financial Summary					
Net value of production	\$16,382,000	\$17,054,000	\$11,990,000	\$ 9,133,000	\$ 9,387,000
Operating and administrative costs	11,121,000	9,299,000	8,507,000	7,609,000	7,484,000
Operating profit before the					
underrated items	5,261,000	7,755,000	3,483,000	1,524,000	1,903,000
Depreciation, depletion					
and amortization	135,000	493,000	555,000	612,000	530,000
Exploration expenses	673,000	493,000	444,000	353,000	199,000
Operating income	4,453,000	6,769,000	2,484,000	559,000	1,174,000
Income from investments	(847,000)	(643,000)	(108,000)	(302,000)	(397,000)
Income taxes	1,735,000	2,412,000	621,000	53,000	267,000
Minority interest	786,000	729,000	502,000	46,000	(31,000)
Net income	\$ 2,779,000	\$ 4,271,000	\$ 1,469,000	\$ 762,000	\$ 1,335,000
Earnings per share	0.65	0.99	0.34	0.18	0.31
Dividends paid per share	0.50	0.60	0.40	0.40	0.40
Working capital	\$10,308,000	\$ 9,972,000	\$ 7,796,000	\$ 7,381,000	\$ 7,750,000
Average price per ounce of gold	161.73	108.03	59.87	38.47	36.47
Operating costs per ton					
(before write-offs)	\$33.90	\$23.88	\$21.20	\$18.84	\$17.62

TABLE SHOWING YEAR END ESTIMATES OF ORE RESERVES (000 tons)

	1974		1973		1972		1971		1970		1969	
	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton
Giant												
Active stopes	1,453	0.33	886	0.35	475	0.51	379	0.66	456	0.67	710	0.70
Pillars	—	—	17	0.65	32	0.65	19	0.73	47	0.77	86	0.73
Other developed ore	266	0.32	88	0.45	24	0.59	44	0.58	159	0.62	348	0.68
Open pit	453	0.30	—	—	—	—	—	—	—	—	—	—
Total Giant	2,172	0.32	991	0.36	531	0.52	442	0.66	662	0.67	1,144	0.69
Lolor												
Active stopes	94	0.32	94	0.37	95	0.51	128	0.67	251	0.67	194	0.68
Pillars	—	—	—	—	—	—	—	—	—	—	—	—
Other developed ore	—	—	—	—	—	—	5	0.53	5	0.54	146	0.63
Total Lolor	94	0.32	94	0.37	95	0.51	133	0.66	256	0.67	340	0.66
Supercrest												
Active stopes	134	0.47	88	0.62	113	0.68	106	0.70	124	0.65	122	0.69
Pillars	—	—	—	—	—	—	18	0.71	6	0.66	7	0.70
Other developed ore	—	—	—	—	6	0.52	—	—	18	0.71	—	—
Total Supercrest	134	0.47	88	0.62	119	0.67	124	0.70	148	0.66	129	0.69
Total developed ore												
at year end	2,400	0.33	1,173	0.38	745	0.54	699	0.67	1,066	0.67	1,613	0.69

NOTE: In calculating estimated ore reserves at the end of each of the above years, regard was given to the prevailing price of gold and to estimated operating costs. The above table shows that estimated ore reserves developed at the 1971 year-end stood at their lowest point. Increases in subsequent years were made possible primarily by the higher prices for gold during each of those years. The record average price of gold received by the Company in 1974 resulted in the net value of metals recovered being the second highest of any year in the Company's producing history, exceeded only by 1973.

After mining 328,099 tons in 1974, the ore reserves at year end of 2,400,000 tons at 0.33 ounces of gold per ton showed an increase of 1,227,000 tons. Approximately 400,000 tons were found by diamond drilling, principally in the B shaft area below the 750-foot level in both the ASD and GB Zones. The remaining increase was obtained throughout the mine by reinterpretation using lower cut-off grades. Most of this tonnage was outlined in the B Shaft area, Upper C, the Trough and in the A Shaft West Zone of the Giant Mine, with only minor changes in Lolor and Supercrest.

Exploratory drilling at the Giant property revealed no significant new zones.

OPERATING COSTS AND CAPITAL EXPENDITURES

The consolidated operating costs increased from \$9,299,000 or \$23.88 per ton milled in 1973, to \$11,121,000 or \$33.90 per ton milled in 1974. The increase is due primarily to the spiralling inflation from which the world economy is suffering. Included in operating costs is \$897,000 for open pit development, and \$901,000 for local surface and underground exploration, compared with \$849,000 for local surface and underground exploration in 1973.

Fixed asset expenditures amounting to \$318,000 were incurred during 1974, of which \$153,000 was for mining equipment, and \$78,000 was for housing. A major roofing job was completed on the main mill building, and considerable renovation work was done on pipe boxes, tailings dams and single and married accommodation. It is intended to continue the program of upgrading accommodations.

SUMMARY OF 1974 RESULTS BY QUARTERS

The following is a consolidated statement of earnings for each quarter of 1974 restated from those previously reported to give effect to the retroactive taxation changes brought about in the November 18, 1974 Federal budget which amounted to approximately \$110,000. Earnings for the fourth quarter were lower than the previous three quarters as a result of further lowering of the cut-off grade in view of increasing gold prices and the continuing effect of inflation on operating costs which increased \$674,000 over costs of the third quarter.

	1974 Three Months Ended				
	Mar. 31	June 30	Sept. 30	Dec. 31	Total
OPERATING RECORD					
Ore milled, tons	90,765	81,037	75,209	81,088	328,099
Average per day, tons	1,008	891	817	881	899
Average millheads per ton .....	.357	.369	.386	.312	.355
Gold recovered, ounces	27,567	26,199	25,601	22,147	101,514
Silver recovered, ounces	5,288	4,946	6,304	4,840	21,378
STATEMENT OF EARNINGS (000)					
Metal production (less marketing charges)	\$ 4,569	\$ 3,436	\$ 4,386	\$ 3,991	\$ 16,382
Operating expenses	2,366	2,655	2,713	3,387	11,121
	<u>2,203</u>	<u>781</u>	<u>1,673</u>	<u>604</u>	<u>5,261</u>
Depreciation and amortization	37	33	31	34	135
Outside Exploration	66	168	247	192	673
	<u>103</u>	<u>201</u>	<u>278</u>	<u>226</u>	<u>808</u>
	2,100	580	1,395	378	4,453
Non-operating revenue	207	256	131	253	847
	<u>2,307</u>	<u>836</u>	<u>1,526</u>	<u>631</u>	<u>5,300</u>
Income taxes (estimated)	698	269	516	252	1,735
	<u>1,609</u>	<u>567</u>	<u>1,010</u>	<u>379</u>	<u>3,565</u>
Minority interest in earnings of subsidiary companies	287	148	239	112	786
Estimated earnings for the period	<u>\$ 1,322</u>	<u>\$ 419</u>	<u>\$ 771</u>	<u>\$ 267</u>	<u>\$ 2,779</u>
Per share	<u>\$.31</u>	<u>\$.10</u>	<u>\$.18</u>	<u>\$.06</u>	<u>\$.65</u>
Average price per ounce of gold produced	<u>\$ 165.81</u>	<u>\$ 131.53</u>	<u>\$ 171.48</u>	<u>\$ 181.05</u>	<u>\$ 161.73</u>

UNDERGROUND OPERATIONS

Giant Mine

Giant production was 254,918 tons at an overall grade of 0.32 ounces of gold per ton. This included 26,886 tons of ore from the open pit. Continuing manpower shortage caused production to fall below forecast. With much higher costs and lower bullion output, operating profit was substantially lower than in 1973. Significant new developments during the year were the commencement of an open pit in the A-Shaft area, expansion of the use of long-hole stoping methods, introduction of LHD equipment in the A-Shaft area and a diesel jumbo for high speed drifting.

Lateral advance of 5,205 feet was only half of the desired amount due to a continuing shortage of development miners.

With the high gold price, diamond drilling activity was increased in order to define lower grade deposits which can now be classed as ore.

Lolor Mine

Production at Lolor of 25,460 tons was far below the 57,737 tons produced in 1973. Grade of 0.286 ounces of gold per ton was also well below the 0.458 ounces of gold per ton of last year. A modest program of underground diamond drilling did not add to reserves.

Supercrest Mine

Due to a shortage of stope miners, Supercrest production was only 47,721 tons compared to 60,373 tons in 1973. With lower cut-off grades possible from the increasing gold prices, the production grade of ore milled dropped from 0.608 ounces of gold per ton in 1973 to 0.578 ounces of gold per ton in 1974.

Lateral advance aggregated 1,117 feet during the year. This drifting was done to prepare for extraction of ore below the 1100-foot level. Underground diamond drilling totalled 19,709 feet. This increased drilling was required to define orebodies below the 1100-foot level and to check sub-marginal reserves in the upper Akaitcho Zone.

TREATMENT PLANT

The efficiency of treatment plant operations was adversely affected by shortages of ore, lower grades and the resulting lack of concentrates. With intermittent operation of the roaster, the overall recovery of gold at 87.18% was down from 88.52% for the previous year in spite of adjustment to roaster capacity. Similarly, flotation process results were also adversely affected.

OPEN PIT OPERATION

During the year, 179,638 cubic yards of overburden and 123,479 cubic yards of waste rock were removed in preparation of the open pit. In addition 11,671 cubic yards of ore were extracted and 26,886 tons from the pit were milled during the year.

EXPLORATION ACTIVITIES

Northbelt

During the year only minor work was done on the Northbelt property which extends northerly from Supercrest. The results of previous programs are being re-assessed, and further work is proposed for 1975.

G Claims

Drilling on the G claims during 1973 and 1974 indicated base metal sulphide mineralization in relatively narrow schist zones over a strike length of 3,000 feet and to a depth of 400 feet. Widths were generally less than 10 feet and continuity has not been established. Considerable interpretative work is required before further diamond drilling is undertaken.

Outside Exploration

Expenditures on outside exploration were substantially increased with \$672,762 being spent as compared to \$493,375 in 1973. During the year, 43 claims were dropped and 47 new claims were staked bringing the year end holding to 332 in total. In addition, the Company has acquired an interest in 40 claims in the Yukon, 64 lots in Quebec, and five permits in the Northwest Territories.

On the Ochre River block, north of Wrigley, N.W.T., continued geochemical work in sedimentary rocks was successful in locating a promising lead-zinc showing. Unfortunately, a proposed diamond drill program was not undertaken because of an early freeze-up. Considerable follow-up will be required next season.

South of Wrigley, the Company entered into an agreement with Union Oil to explore three permit areas. The Company has the right to earn a 50% interest in the permits by future exploration expenditures. Geological and geochemical work was carried out by consultants, and several occurrences of zinc mineralization were located. Further work will be required in 1975.

Geological and geochemical grass root surveys were conducted on the East Arm, Great Slave Lake. It is planned to continue this program in 1975.

In the Bonnet Plume area in the Yukon Territory, your Company participated with Great Plains Development Company of Calgary on a 40 claim group. Four drill holes were completed during the summer with one intersection of 2.0% zinc over 171 feet. A number of targets remain to be tested.

Your Company also participated with Great Plains in an exploration program near Senneterre, Province of Quebec, to follow up recently released government airborne input surveys. In both of the above programs, Great Plains was the manager of the project. Ground geophysical follow-up and some diamond drilling of selected targets were conducted. Four drill holes were completed with negative results. There are additional geophysical targets yet to be tested.

In northern Saskatchewan detailed prospecting carried out for your Company by an exploration consultant indicated some encouraging mineralization. A modest drill program was planned but, due to an early freeze-up, was suspended until 1975.

On January 7, 1975, your Company announced that it had signed an agreement with Bluebell Enterprises Limited of Toronto covering 31 mining leases in the Courageous Lake area of the Northwest Territories. The leased property lies north of the former gold producer, Tundra Gold Mines Limited, and is known to have gold-bearing showings. An aggressive program of surface and underground exploration is planned for the 1975 summer season.

SUDBURY BASIN DIVISION

Work by a predecessor company between 1952 and 1956 indicated large, relatively low-grade base metal deposits containing copper, lead and zinc, with some gold and silver of a character that presented serious metallurgical problems. Between 1952 and 1957 the above company spent considerable sums on research without finding a solution to these problems. Since the property was acquired, Giant Yellowknife Mines Limited likewise has conducted several research programs but without success. As a result, no further metallurgical research programs are planned at this time.

At present the shafts are flooded, and a major dewatering and rehabilitation program would be required to provide fresh samples for further metallurgical investigation. As the mineral deposits at Sudbury Basin division cannot be mined and treated profitably at the present time, they cannot be classified as commercial ore.

POLLUTION CONTROL

Your Company has for many years recognized potential hazards in the milling and roasting of arsenopyrite-bearing ores, and over the years it has taken every practical measure to minimize exposures. In addition large sums have been spent on research and on the installation of the latest pollution control equipment then available. As a consequence, notable progress has been made in reducing atmospheric discharges. In cooperation with governmental experts, continuing research has been carried on to develop even better methods of pollution control. Because of early contamination of Yellowknife Bay and the ever-increasing bacterial contamination as the community increased in size, in 1967 the local mines and governments jointly financed a pipeline to bring a fresh water supply to the city from the Yellowknife River. In January, the existence of an unissued government report was widely publicized by the Canadian Broadcasting Corporation in a rather sensational manner and repeated in the press, and there was a not unreasonable concern by the public as to the extent of the hazard. However, the public can be assured that your Company will continue to cooperate with governmental authorities in applying the latest viable and effective techniques to minimize pollution.

GENERAL

Operations were again seriously affected by a shortage of skilled workers, particularly of underground miners. At the end of the year, the work force was down to 327 as compared to 342 at the end of 1973 and 371 at the end of 1972. Labour turnover increased from 143% to 190%.

After a long, difficult negotiation, a new labour agreement was finally signed in November retroactive to October 14, 1974. The average increase in wages for the first year was 26%. The contract is for two years with a wage re-opener only in the second year.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, Mr. A. K. Campbell, General Superintendent, and the employees.

On behalf of the Board,

D. R. DeLAPORTE,
President and Managing Director.

Toronto, Ontario,
January 31, 1975.

The shares of the Corporation are listed and traded on the Toronto and American Stock Exchanges, the latter being the principal market. The sale prices and dividends paid for the following quarterly periods are as tabulated below.

		1974			Dividends Paid Per Share in Canadian Funds			1973			Dividends Paid Per Share in Canadian Funds
		High	Low			High	Low		High	Low	
March	31	U.S. \$27¼	11.00	10 cents	March	31	U.S. \$ 8¾	7.00	10 cents		
June	30	22⅞	12¾	20 cents	June	30	10¾	7¾	10 cents		
September	30	21.00	7¼	10 cents	September	30	11¾	8½	20 cents		
December	31	15⅞	8⅞	10 cents	December	31	10⅞	8.00	20 cents		

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED BALANCE

ASSETS

CURRENT ASSETS

	1974	1973
Cash and short term securities at cost which approximates market value	\$ 8,038,251	\$ 9,145,105
Bullion at estimated net realizable value (note 2)	2,494,414	2,864,936
Accounts and accrued interest receivable	210,151	190,625
Supplies at average cost	1,104,124	787,013
Prepaid expenses and deposits	102,102	93,582
	<u>11,949,042</u>	<u>13,081,261</u>

FIXED ASSETS

Buildings, machinery and equipment at cost	15,441,569	15,132,253
Less accumulated depreciation	15,119,376	14,992,219
	<u>322,193</u>	<u>140,034</u>
Mining claims and properties at cost, less depletion	542,293	542,293
	<u>864,486</u>	<u>682,327</u>

OTHER ASSETS

Shares in and advances to other mining companies at cost less amount written off	160,221	158,221
	<u>\$12,973,749</u>	<u>\$13,921,809</u>

AUDITORS' REPORT

To the Shareholders of
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1974 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 23, 1975

THORNE GUNN & CO.,
Chartered Accountants

HEET—DECEMBER 31, 1974

(with comparative figures at December 31, 1973)

LIABILITIES**CURRENT LIABILITIES**

	1974	1973
Accounts payable and accrued liabilities	\$ 1,099,418	\$ 944,479
Income taxes payable	368,589	1,866,170
Government royalties payable	172,672	298,305
	<u>1,640,679</u>	<u>3,108,954</u>

MINORITY INTEREST

Interest of minority shareholders in subsidiary companies	<u>540,179</u>	<u>647,262</u>
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SHAREHOLDERS' EQUITY**CAPITAL STOCK**

Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000

CONTRIBUTED SURPLUS	2,637,276	2,637,276
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RETAINED EARNINGS	2,455,615	1,828,317
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	<u>10,792,891</u>	<u>10,165,593</u>
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Approved by the Board

D. R. DeLAPORTE, Director

B. S. W. BUFFAM, Director

	<u>\$12,973,749</u>	<u>\$13,921,809</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**DECEMBER 31, 1974****1. ACCOUNTING POLICIES****Consolidation Policy**

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 common shares) of the 665,010 common shares are held.

Inventories — Bullion and Supplies

Bullion is valued at estimated net realizable value and revenue is reflected in the statement of income on completion of production. Supplies are valued at average cost.

Depreciation and Depletion

Depreciation of buildings, machinery and equipment acquired subsequent to January 1, 1973 is provided on the units of production method to amortize the cost over the mine life based on estimated ore reserves at January 1, 1973. All plant acquired prior to that date had been fully depreciated by December 31, 1973.

Depletion provided to December 31, 1973 has fully amortized the cost of the Yellowknife mining claims. The unamortized balance relates to the non-producing Sudbury Basin property and land in the Town of Yellowknife.

Exploration Policy

Exploration expenditures are charged against current earnings as incurred.

2. BULLION

The estimated net realizable value of bullion on hand has been determined at December 31, 1974 using a value for gold of \$165.00 per ounce (1973, \$129.00 per ounce).

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act of Ontario, amounted to \$159,020 for 1974 and \$145,904 for 1973.

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Balance at beginning of year	\$ 1,828,317	\$ 138,602
Net income for the year	2,778,759	4,271,468
	4,607,076	4,410,070
Deduct dividends paid — 50¢ per share (60¢ in 1973)	2,151,461	2,581,753
Balance at end of year	<u>\$ 2,455,615</u>	<u>\$ 1,828,317</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Working capital derived from		
Operations		
Net income for the year	\$ 2,778,759	\$ 4,271,468
Depreciation, depletion and amortization of mine development expenditures	135,477	492,638
Minority interest in net income of subsidiary companies	786,679	729,017
	<u>3,700,915</u>	<u>5,493,123</u>
Working capital applied to		
Dividends paid	2,151,461	2,581,753
Additions to fixed assets, less disposals	317,636	181,542
Dividends to minority shareholders of subsidiary companies	893,762	524,006
Other applications	2,000	29,064
	<u>3,364,859</u>	<u>3,316,365</u>
Increase in working capital	336,056	2,176,758
Working capital at beginning of year	9,972,307	7,795,549
Working capital at end of year	<u>\$10,308,363</u>	<u>\$ 9,972,307</u>

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1974

(with comparative figures for 1973)

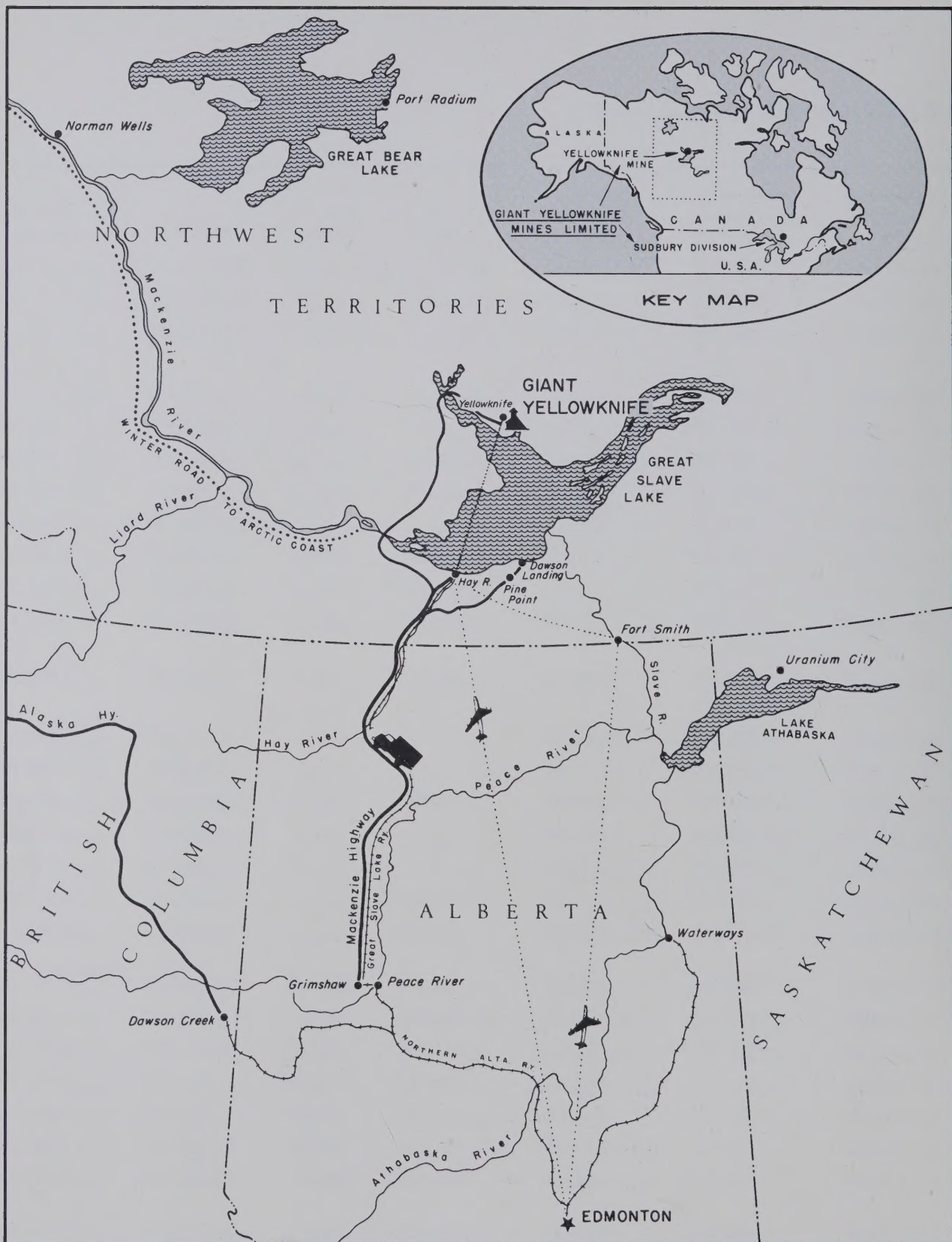
	1974	1973
REVENUE:		
Gold and silver production	\$16,517,744	\$17,186,501
Deduct marketing expenses	135,428	132,143
	<u>16,382,316</u>	<u>17,054,358</u>
EXPENSES:		
Operating expenses	10,598,075	8,690,752
Government of Canada royalty	175,000	285,000
Administrative and corporate expenses	347,799	322,897
	<u>11,120,874</u>	<u>9,298,649</u>
Operating income before the undernoted items	5,261,442	7,755,709
Depreciation, depletion and amortization of mine development expenditures	135,477	492,638
Exploration expenses	672,762	493,375
	<u>808,239</u>	<u>986,013</u>
Operating income	4,453,203	6,769,696
Income from investments	847,235	642,789
	<u>5,300,438</u>	<u>7,412,485</u>
Income taxes	1,735,000	2,412,000
	<u>3,565,438</u>	<u>5,000,485</u>
Minority interest in net income of subsidiary companies (note 1)	786,679	729,017
Net income for the year	<u>\$ 2,778,759</u>	<u>\$ 4,271,468</u>
 Earnings per share	 <u>\$.65</u>	 <u>\$.99</u>

COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M.A. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	.....	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	.....	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	.....	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	.....	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	.....	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	.....	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	.....	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	.....	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
1972	401,272	0.561	.....	11,990,328	59.87	8,506,758	21.20
1973	389,460	0.459	.....	17,054,358	108.03	9,298,649	23.88
1974	328,099	0.355	.....	16,382,316	161.73	11,120,874	33.90
	<u>8,449,292</u>	<u>0.693</u>	<u>\$7,485,907</u>	<u>\$210,271,063</u>	<u>\$ 42.42</u>	<u>\$134,066,944</u>	<u>\$ 15.81</u>

PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
\$ 1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$	\$	\$ 153,450	\$
1,514,330	12.00	1,039,854	5,237	.....	.....	479,713	.....
2,428,839	16.00	1,254,505	6,334	.....	.....	1,180,668	.....
1,810,567	10.92	1,659,109	7,981	.....	.....	159,439	.....
3,130,843	12.75	1,673,329	4,906	.....	.....	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	.....	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	.....	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	.....	.....	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	.....	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	.....	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	.....	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	.....	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	.....	.....	807,509	860,541
3,752,086	10.24	1,579,897	160,058	.....	.....	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	.....	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	.....	.....	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	.....	.....	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	.....	3,545,800	4,302,917
3,326,509	8.65	979,060	308,537	620,000	.....	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.00	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.41	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.48	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
3,483,570	8.68	1,148,922	257,777	621,000	502,039	1,469,386	1,721,168
7,755,709	19.91	986,013	642,789	2,412,000	729,017	4,271,468	2,581,753
5,261,442	16.04	808,239	847,235	1,735,000	786,679	2,778,759	2,151,461
<u>\$83,690,026</u>	<u>\$ 9.90</u>	<u>\$30,348,339</u>	<u>\$5,823,027</u>	<u>\$8,521,523</u>	<u>\$1,941,151</u>	<u>\$48,702,804</u>	<u>\$46,159,561</u>



GIANT YELLOWKNIFE MINES LIMITED
LOCATION OF YELLOWKNIFE MINE

MINE OPERATING OFFICIALS

D. J. EMERY	-	-	-	-	-	-	Mine Manager
A. K. CAMPBELL	-	-	-	-	-	-	General Superintendent
R. S. BROWN	-	-	-	-	-	-	Mine Superintendent
H. E. PAWSON	-	-	-	-	-	-	Mill Superintendent
C. M. WILKINSON	-	-	-	-	-	-	Electrical Superintendent
R. W. SPENCE	-	-	-	-	-	-	Exploration Superintendent
H. B. BYE	-	-	-	-	-	-	Master Mechanic
J. A. CROSSFIELD	-	-	-	-	-	-	Construction Foreman
C. S. SRA	-	-	-	-	-	-	Mine Engineer
B. F. WATSON	-	-	-	-	-	-	Chief Geologist
L. F. G. BORDEN	-	-	-	-	-	-	Mine Accountant
J. W. McKAY	-	-	-	-	-	-	Purchasing Agent
A. T. RIVETT	-	-	-	-	-	-	Personnel Supervisor

